

eBoomerang, Inc

*Transforming Returns-
from Problems to Profits*

December 10, 2003

Emily G. Rodriguez
VP Program Management
www.eboomerang.net



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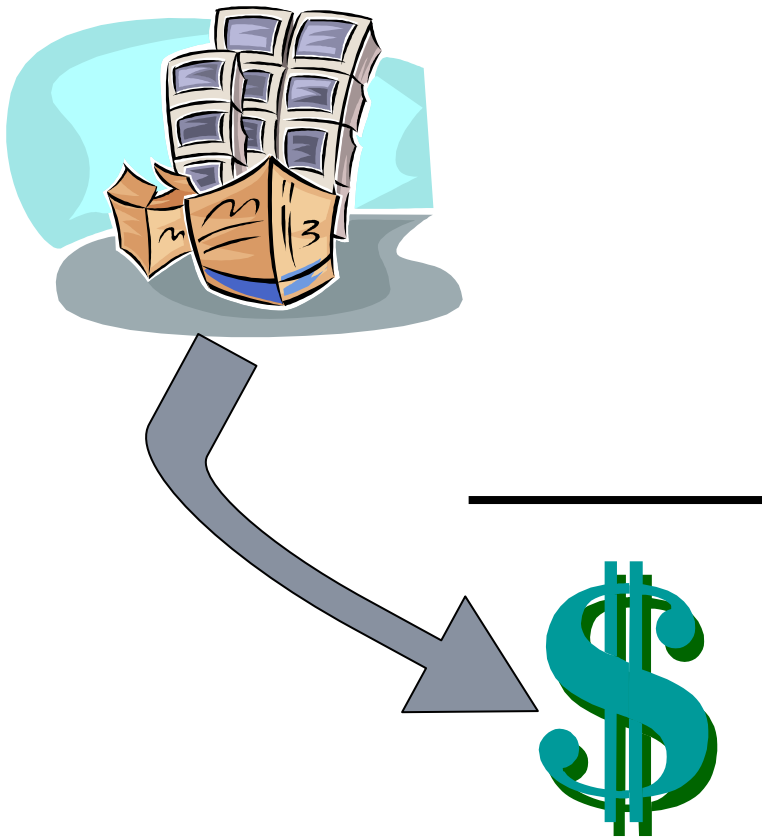
Agenda

- Company Introduction
- Returns Industry Profile
- Best Practices
- Strategic importance



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Transforming Returns *- from Problems to Profits*



- Software Development and Professional Services Company
- Addressing a business problem facing every company engaged in selling or distributing product.....RETURNS.
- Attacking a complex, dynamic problem in a new way – through configurable rules



Source of Reverse Flow

	Supply Chain Partners	End Users
Products	<p>Stock Balancing/Stock Rotation</p> <p>Marketing Returns/Promotional Overstock</p> <p>End of Life/Seasonal excess</p> <p>Transit Damage</p> <p>Customer Returns</p> <p>Consignment Stock / Off-Lease Returns</p>	<p>Defective Products</p> <p>Unwanted Products</p> <p>Warranty Returns</p> <p>Recalls</p> <p>Environmental Disposal</p>
Packaging	<p>Reusable Totes</p> <p>Multi-Trip Packaging</p> <p>Disposal Requirements</p>	<p>Reuse</p> <p>Recycling</p> <p>Disposal restrictions</p>



Industry Profile

**Total U.S. Logistics costs
estimated at \$ 1 Trillion**

**Returns cost U.S. Suppliers over
\$100 Billion/year**

**“Current Systems are not
adequate”**

Industry Segment	Typical Returns Percentage
Book Publishers	20-30%
Book Distributors	10-20%
Catalog Retailers	18-35%
Distributors	10-12%
Computer Manufacturers	10-20%
Printers	4-8%
Auto Industry	4-6%
All E-tailers (mean)	20%
All Retailers (mean)	6%

Going Backward: Reverse Logistics Trends and Practices, by Dr. Dale S. Rogers and Dr. Ronald S. Tibben-Lembke



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The Business Problem

- **Significant revenue & profit impact, and timing is never good**
- **An unpredictable, complex and costly problem to manage – no single business owner = multiple/inconsistent views to customers**
- **Lack of complete and timely information (due to inadequate automation and linkage to other company processes and systems) – causes delays, confusion and frustration**
- **Continuous source of customer/vendor friction affecting customer perception and retention**



Why address now?

- When margins are small or non-existent 4% becomes a very important number
- The cost of handling returns is huge
- Even a small reduction in operating cost or in excess inventory brings significant money directly to the bottom line
- Customers are more sophisticated and demanding - returns handling affects customer satisfaction, perception and retention



Best Practices

- **Collect returns information at the source**
- **Support unique customer requirements and agreements – don't make the customer explain his needs/relationship multiple times**
- **Provide routing and disposition – “the next step” and make it known/visible early in the process**
- **Support escalation and expedited exception handling – but make it “one-stop”**
- **Provide continuous process feedback and alerts**
- **Link to carriers or other service partners for seamless processing**



Improvement Options

- ERP-based solutions
- CRM/SCM-based solutions
- Proprietary in-house stand-alone solutions
- Outsourced/3PL solutions
- New breed of returns-focused applications



Making the solution choice

Key Considerations...

- Does the proposed change support existing customer relationships and retention?
- Does it bring cost savings/inventory reduction and better return on assets?
- Is it easily modified to meet changing needs, new customer requirements or market conditions?
- Can it provide complete data capture and analysis, supporting policy changes, program development and product marketing?



Conclusion

“Those willing to invest resources in implementing....(returns) solutions will bring millions of dollars in cost savings to their companies, while improving customer service and retention.”

(CLM/SF Newsletter 3/02)



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